

Chief, D/I
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6 March 1959

TO: Assistant Director for Research and Reports
FROM: Chief, Economic Research Area
SUBJECT: Activity Report for the Month of February 1959

Current and Other Support Activity

1. In February, support for OCI involved a heavy proportion of articles dealing with Soviet bloc military and economic aid to under-developed areas and collectivization and manpower problems in Eastern Europe. Articles also reported the end of the Soviet 21st Party Congress, new developments in the Chinese Communist "leap forward," Soviet activities in the Western European oil market and Soviet-Chinese Communist trade and credit arrangements. Watch Committee Support continued at a high level which may be expected to prevail through at least the end of May. On 27 February, the DCI presented a briefing on the "leap forward" and "communes" to the Cabinet; the material for this briefing was largely prepared by CRR.

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2. A draft of [redacted] in the position of Chinese Communist leaders on the economic policy issues was completed and forwarded to OCI by A/F.

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3. To support the DD/I and OCI, Chief, D/I and Acting Chief, I/GM, supported by I/EE, I/PA and I/MS, prepared an overnight comment on the statement regarding ICBM production by [redacted]

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[redacted] I/GM, also briefed the CIA Guided Missile 25X1A9a Forum, conducted by OSI, on the estimated Soviet ICBM production and deployment program. The estimate was prepared by I/GM on the assumption that Khrushchev's recent ICBM statements were substantially correct.

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4. Support was also rendered by D/M: to State Department regarding the capability of Communist China to accept crude oil from Iraq, to AD/RR and DD/I regarding the percentage of copper produced under the control of US companies in the Free World and the significance of USSR imports of copper from the Free World, to the DCI regarding 1958 US grain and cotton production, [redacted] regarding their request for information on the Svis River hydroelectric plants in the USSR.

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5. M/NP forwarded comments to [REDACTED] on Soviet trade in nonferrous commodities reported by a Soviet trade publication. Discussions with [REDACTED] during his visits to Washington and subsequent correspondence which developed as an outgrowth of his visits have proven mutually beneficial and stimulating.

6. In view of the frequent and recurring requests for comparisons of US-USSR light industrial production, I/MS intends to prepare a short report on the subject. Included will be explanations of reporting classifications, and discussion of qualifications that complicate unit to unit comparisons.

Research Planning and Program Development

7. During February there were several developments regarding collection of information on missile deployment in the European Satellites. These included the preparation of a statement of general collection objectives by the DD/P Guided Missile Task Force; conversations with a representative of EE/Plans, DD/P, concerning relative priorities by geographic area and type of information; and a request to OSI and DD/P for a feasibility study regarding the use of clandestine [REDACTED]

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[REDACTED] In addition OO/C set in motion, at I/GM's request, a greatly expanded collection program directed principally toward [REDACTED]

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8. At the request of the DCI, I/GM prepared a memorandum recommending that the DCI's Ad Hoc Panel of Consultants (the Hyland Panel) should not be reconvened at present to re-examine the Soviet ICGM program. This recommendation was subsequently accepted, in effect, by USIB, although the Board decided to consider the question of a new missile estimate again during March.

9. D/Ch/E has completed his review of the functions, personnel resources and problems of I/GM. To date, he has agreed to: (a) assist the branch in achieving approximately the professional personnel strength authorized at the beginning of 1958; (b) consider further additional professional personnel requirements of the branch; (c) provide additional clerical assistance; and (d) take action to determine whether and to what

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extent certain current branch analytical problems can be alleviated by machine data processing methods.

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12. Plans to increase agricultural production in the EuSats are based primarily on an increase in fertilizer input and increased mechanization. In order to develop a better background of information against which to evaluate EuSat agricultural plans, [REDACTED]

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25X1A5

Significant Briefings, Debriefings, Speeches and Liaison Activities

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14. Chief, D/I [REDACTED] in the presence of Col. Grogan - CIA public relations officer) on various aspects of Soviet military economics and submarine production and elements of an ICBM program.

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16. During February various members of ERA held discussions regarding US-USSR exchange programs.

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25X1A9a a. [REDACTED] and members of M/AG held discussions with [REDACTED] regarding evaluation of the 1958 US-USSR Agricultural Exchange program.

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25X1A5a1 b. Mr. [REDACTED] S/TR, had two conferences during the month with [REDACTED]

c. M/CH and M/FP participated in a State Department debriefing of the US Coke and Chemical Exchange Delegation following its return from Poland.

25X1A5a1 25X1A9a [REDACTED]

25X1A5a1 e. Heavy Press Exchange -- The Air Force through the offices of [REDACTED] have proposed to the USSR an heavy press exchange. A US itinerary has been suggested and the Soviets have been asked to respond with a equivalent itinerary. The proposal makes clear to the Soviets that "... final concurrence to your visit will depend, . . . , on the number and plants which you would suggest they (the US delegation) should see." The EIC subcommittee on Industrial Machinery will review the Soviet reply when received and make appropriate recommendations to the Ad Hoc Committee on Exchanges.

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17. Speeches given during the month included Mr. [REDACTED] presentation to the International Development Advisory Board on the topic, "Soviet Trade and Air Programs", Mr. [REDACTED] talk on the same subject to the Naval Reserve Politico-Military Affairs Company and a panel presentation by Messrs. [REDACTED] D/M, [REDACTED] D/I, on the "Soviet Economy -- Industry, Agriculture and Trade" at the Strategic Intelligence School.

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Export Control


19. S/TD, supported by M/CH, prepared intelligence for a joint meeting of ACEP and the Operating Committee of ACEP in connection with an application to export US technical data for six petrochemical plants to Poland. Interest in this application is underlined by the fact that Commerce Department has pending, or expects to receive, other applications for such shipments to Poland and to the USSR of both technical data and petrochemical equipment.

Problems

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20. Chief, D/I and members  met with two senior representatives of the Office of General Studies, NSA, to discuss long-standing problems of obtaining adequate NSA reporting on matters of vital concern to ORR's

The NSA representatives were justifiably concerned when confronted with evidence of serious inaccuracies and apparently unwarranted delays in NSA reporting, and agreed to inform  in about two weeks of whatever action they could take to overcome these problems.

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